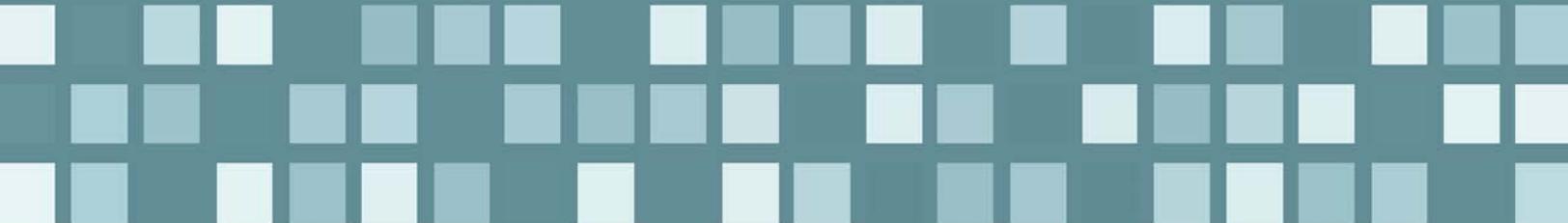


**Miami Beach Redevelopment  
Agency  
(A Component Unit of the City  
of Miami Beach, Florida)**

Financial Report  
Fiscal Year Ended September 30, 2011



**PREPARED BY  
THE FINANCE DEPARTMENT**

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## Independent Auditor's Report

To the Board Members  
Miami Beach Redevelopment Agency:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the Miami Beach Redevelopment Agency (the "Agency"), a component unit of the City of Miami Beach, Florida (the "City"), as of and for the year ended September 30, 2011, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Miami Beach Redevelopment Agency, as of September 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying required supplementary information, such as management's discussion and analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2012 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*McGladrey LLP*

Miami, Florida  
March 30, 2012

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Management's Discussion and Analysis**

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The Management's Discussion and Analysis (the "MD&A") of the Miami Beach Redevelopment Agency (the "Agency") is intended to provide an overview of the Agency's position and results of operations for the fiscal year ended September 30, 2011. The MD&A is an element of the reporting model required by the Governmental Accounting Standards Board (the "GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in 1999. The MD&A should be read in conjunction with the Agency's financial statements, including the accompanying notes, to enhance the understanding of the Agency's financial performance.

**Financial Highlights**

- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by \$110.2 million (net assets).
- The Agency's net assets increased by \$8.6 million. The governmental net assets decreased by \$9.2 million and the business-type net assets increased by \$17.8 million.
- Comparing fiscal year 2011 with 2010, the governmental activities revenue decreased by \$13.7 million and expenses increased by \$15.6 million. The net results from activities decreased by \$29.3 million or 146%. The results of activities produced a decrease in net assets of \$9.2 million in fiscal year 2011 and a \$20.1 million increase in fiscal year 2010.
- At September 30, 2011 fund balance in the Agency's governmental funds was \$46.9 million. This includes \$6.7 million restricted in the debt service fund and \$23.7 million committed in the capital projects fund.
- The Agency's total long-term liabilities decreased by \$4.8 million or 6.3% during the current year. This was a result of the normal maturity of the outstanding City Center bonds. No new debt was issued during the current year.
- The Agency's assets increased by approximately \$5.1 million or 2.7%. The increase is attributed to an increase in capital assets, net of accumulated depreciation of \$14.5 million or 13.4% offset by a decrease in current assets of \$9.4 million or 11.7%.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements, which have the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The statement of activities presents information showing how the Agency's net assets changed during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Management's Discussion and Analysis**

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Both of the government-wide financial statements listed above distinguish functions of the Agency that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their cost through user fees and charges. The governmental activities of the Agency include general government, public safety, physical environment, transportation, economic environment and culture and recreation. The business-type activity of the Agency includes the parking and leasing operations of the Anchor and Pennsylvania Avenue Garages and Anchor and Pennsylvania Avenue Shops, respectively.

The government-wide financial statements include only the financial activities of the Agency. However, the Agency is considered a component unit of the City of Miami Beach, and as such, the financial information of the Agency is included in the City's Comprehensive Annual Financial Report for the current fiscal year.

The government-wide financial statements can be found on pages 17 – 19 of this report.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of a fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

Key elements of the reconciliation of these two statements are that the government-wide statement of activities reports the issuance of debt as a liability, the purchases of capital assets as assets which are then charged to expense over their useful lives (depreciated) and changes in long-term liabilities as adjustments of expenses. Conversely, the governmental funds statements report the issuance of debt as an other financing source of funds, the repayment of debt as an expenditure, the purchase of capital assets as an expenditure and do not reflect changes in long-term liabilities.

The Agency maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, City Center debt service fund, and City Center capital projects fund which are considered to be major funds. For the current fiscal year, the Agency does not have any nonmajor governmental funds.

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Management's Discussion and Analysis**

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**Proprietary Funds**

The Agency maintains two different types of proprietary funds or enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Agency uses enterprise funds to account for the parking and leasing operations of the Anchor and Pennsylvania Avenue Garages and Anchor and Pennsylvania Avenue Shops, respectively.

Proprietary funds provide the same type information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for parking and leasing of the Anchor and Pennsylvania Avenue Garage/Shops which are considered to be major funds of the Agency. For the current fiscal year, the Agency does not have any nonmajor proprietary funds.

The basic proprietary fund financial statements can be found on pages 24 – 26 of this report.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 27 – 44 of this report.

**Government-Wide Financial Analysis**

The table below summarizes the statement of net assets:

Summary of Net Assets (in thousands)						
	<b>Governmental Activities 2011</b>	Governmental Activities 2010	<b>Business-Type Activities 2011</b>	Business-Type Activities 2010	<b>Total 2011</b>	Total 2010
Current and other assets	\$ 54,216	\$ 65,821	\$ 16,961	\$ 14,801	\$ 71,177	\$ 80,622
Capital assets	95,391	96,892	27,662	11,638	123,053	108,530
<b>Total assets</b>	<b>149,607</b>	162,713	<b>44,623</b>	26,439	<b>194,230</b>	189,152
Long-term liabilities	71,284	76,111	106	78	71,390	76,189
Other liabilities	12,080	11,141	610	283	12,690	11,424
<b>Total liabilities</b>	<b>83,364</b>	87,252	<b>716</b>	361	<b>84,080</b>	87,613
Net assets:						
Invested in capital assets, net of related debt	95,391	96,892	27,662	11,638	123,053	108,530
Restricted	6,651	6,546	-	-	6,651	6,546
Unrestricted	(35,799)	(27,977)	16,245	14,440	(19,554)	(13,537)
<b>Total net assets</b>	<b>\$ 66,243</b>	\$ 75,461	<b>\$ 43,907</b>	\$ 26,078	<b>\$ 110,150</b>	\$ 101,539

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Management's Discussion and Analysis**

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There are six basic transactions that can affect the comparability of the Statement of Net Assets. They are as follows:

- 1) Net results of activities will impact (increase/decrease) current assets and unrestricted net assets.
- 2) Borrowing for capital will increase assets and long term debt.
- 3) Spending borrowed proceeds on new capital will reduce current assets and increase capital assets.
- 4) Spending non-borrowed current assets on new capital will reduce current assets and increase capital assets as well as reduce unrestricted net assets and increase invested in capital assets, net of debt.
- 5) Principal payments on debt will reduce current assets and reduce long-term debt as well as reduce unrestricted net assets and invested in capital assets, net of debt, if applicable.
- 6) Reduction of capital assets through depreciation will reduce capital assets and invested in capital assets, net of debt.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$110.2 million at September 30, 2011, an increase of \$8.6 million from September 30, 2010.

A large portion of the Agency's net assets (\$123 million) reflects its investment in capital assets (e.g., land, building, and construction in progress); less any related debt used to acquire those assets that are still outstanding. The Agency uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Agency's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Agency's net assets (approximately \$6.7 million) represents resources that are subject to external restrictions on how they may be used.

The Agency's net assets increased by \$8.6 million during the current fiscal year. Governmental activities accounted for a decrease of \$9.2 million while Business-type accounted for an increase of \$17.8 million.

There are also various normal impacts on revenue and expense that can affect the change in net assets from year to year. The economic condition, which can reflect a declining, stable or growing economic environment, can have a substantial impact on tax revenue as well as the public's spending habits on fees and charges for services. An increase/or decrease in Commission approved rates can have a substantial impact on parking revenue if there is a current year increase/decrease in an approved rate. Also, current market condition may cause investment income to fluctuate from year to year. Impacts on expense from year to year could result from new programs, an increase or decrease in personnel, salary increases and of course inflation.

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Management's Discussion and Analysis**

The table below summarizes the change in net assets:

	Summary of Changes in Net Assets (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 84	\$ 97	\$ 4,212	\$ 3,379	\$ 4,296	\$ 3,476
Operating grants and contributions	28	26	-	-	28	26
Capital grants and contributions	250	100	-	-	250	100
General Revenues:						
Taxes:						
Property taxes	33,162	30,816	-	-	33,162	30,816
Resort taxes	4,492	3,845	-	-	4,492	3,845
Investment earnings	142	167	24	34	166	201
Gain on sale of capital assets	-	2	-	-	-	2
Transfers	(16,810)	-	16,810	-	-	-
<b>Total revenues</b>	<b>21,348</b>	<b>35,053</b>	<b>21,046</b>	<b>3,413</b>	<b>42,394</b>	<b>38,466</b>
<b>Expenses:</b>						
General government	21,392	5,885	-	-	21,392	5,885
Public safety	2,838	2,464	-	-	2,838	2,464
Physical environment	41	41	-	-	41	41
Transportation	555	35	-	-	555	35
Economic environment	1,414	1,674	-	-	1,414	1,674
Culture and recreation	608	861	-	-	608	861
Parking-Anchor & Penn. Garage	-	-	2,976	2,217	2,976	2,217
Leases-Anchor & Penn. Shops	-	-	241	125	241	125
Interest on long-term debt	3,718	3,979	-	-	3,718	3,979
<b>Total expenses</b>	<b>30,566</b>	<b>14,939</b>	<b>3,217</b>	<b>2,342</b>	<b>33,783</b>	<b>17,281</b>
<b>(Decrease) Increase in net assets</b>	<b>(9,218)</b>	<b>20,114</b>	<b>17,829</b>	<b>1,071</b>	<b>8,611</b>	<b>21,185</b>
Net assets, beginning	75,461	55,347	26,078	25,007	101,539	80,354
Net assets, ending	\$ 66,243	\$ 75,461	\$ 43,907	\$ 26,078	\$ 110,150	\$ 101,539

Governmental activities decreased the Agency's net assets by \$29.3 million.

Key elements of the net decrease are as follows:

- Total expenses increased for the governmental activities by \$15.6 million while revenues decreased by 13.7 million. This caused the net results to decrease by \$29.3 million to a negative \$9.2 million decrease in the net assets in comparison to fiscal year 2010's increase in net assets of \$20.1 million.
- Revenues from governmental activities in fiscal year 2011 totaled \$21.3 million. Revenues decreased by \$13.7 million primarily due to a capital contribution of \$16.8 million to the Agency's Enterprise Funds, a \$0.03 million decrease in investment earnings offset by an increase of \$0.6 million in resort tax revenue, an increase in capital grants and contributions of \$0.2 million and an increase in tax increment revenue of \$2.3 million. The increase in tax increment revenue is attributed to an increase in the millage rates of the City and the County.

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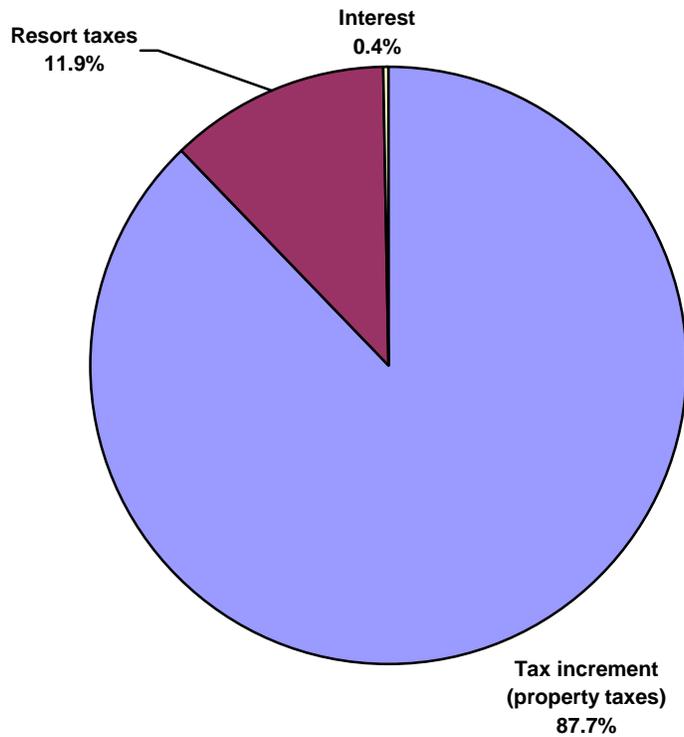
**Management's Discussion and Analysis**

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- Expenses from governmental activities in fiscal year 2011 totaled \$30.6 million. Expenses increased by \$15.6 million primarily due to a grant-in-aid of \$15 million given to the New World Symphony in accordance with a Grant-in-Aid Agreement dated July 23, 2008.

The following chart shows the amounts of program and general revenues for fiscal year 2011:

**Revenues by Source – Governmental Activities  
Year Ended September 30, 2011**



**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Management's Discussion and Analysis**

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**Business-Type Activities**

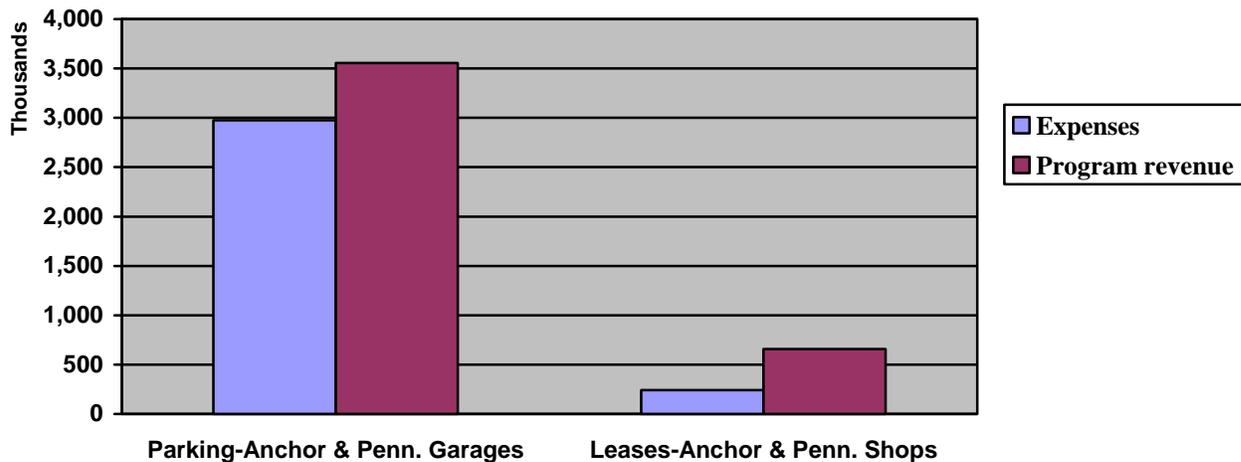
Business-type activities increased the Agency's net assets by approximately \$17.8 million.

Key elements of this increase are as follows:

- The Parking Garages' net assets increased by \$16.7 million or 88% as a result of receiving a capital contribution of \$16.1 million from the Agency's General Fund in addition to maintaining operating expenses lower in relation to the revenue generated.
- The Leasing Shops' net assets increased by \$1.1 million or 16% as a result of receiving a capital contribution of \$711,000 from the Agency's General Fund in addition to maintaining operating expenses lower in relation to the revenue generated. Rental tenants remain stable.
- Operating income increased by 17.7% for the Garages and decreased by 23.6% for the Shops. Both the Garage and the Shops had a decrease in interest income of approximately 29.9%.

The following chart shows a comparison of expenses to program revenues for business-type activities for fiscal year 2011:

**Expenses and Program Revenues - Business-type Activities  
September 30, 2011**



**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Management's Discussion and Analysis**

**Financial Analysis of the Governmental Funds**

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The table below summarizes the changes in the fund balances of the Agency's governmental funds:

	Governmental Funds (in thousands)			
	General	Debt Service City Center	Capital Projects City Center	Total Governmental Funds
	Fund balance, September 30, 2010	\$ 12,945	\$ 6,546	\$ 39,950
Revenues	37,802	-	356	38,158
Expenditures	(23,911)	(9,993)	(16,793)	(50,697)
Other financing sources (uses)	(10,235)	10,098	137	-
<b>Fund balance, September 30, 2011</b>	<b>\$ 16,601</b>	<b>\$ 6,651</b>	<b>\$ 23,650</b>	<b>\$ 46,902</b>

**Governmental Funds**

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Total fund balance for the Governmental Funds totaled \$46.9 million at September 30, 2011. This is a total decrease of \$12.5 million or approximately 21.1%.

The general fund is the chief operating fund of the Agency. The fund balance of the Agency's general fund increased by \$3.7 million during the current fiscal year. This increase is due primarily to the decrease of \$13 million in the amount transferred to the Capital Projects Fund based on the Capital Improvement Plan and Capital Budget in addition to the tax increment revenue increase of approximately \$2.3 million, while there was a capital contribution to the Agency's Enterprise Funds of approximately \$16.8 million. All other factors such as expenditures, funds appropriated and transferred to the Debt Service Fund and the other revenue streams remained relatively stable. Therefore, actual revenues exceeded the actual expenditures and other financing uses by \$3.7 million.

The Agency's General Fund is required to adopt an annual budget prepared on a basis consistent with generally accepted accounting principles.

The Agency's Capital Projects Fund accounts for the financing of the Agency's capital program. The primary resources are obtained from the receipt of tax increment funds from Miami-Dade County and the City of Miami Beach, and also from the issuance of Agency debt.

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Management's Discussion and Analysis**

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**Proprietary Funds**

The Agency's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The total growth in net assets for both proprietary funds was approximately \$17.8 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the Agency's business-type activities.

**Budgetary Highlights**

The following information is presented to assist the reader in comparing the original/final budget (Adopted Budget) and the actual results.

The major variances between the adopted/final budget and actual are the tax increment revenues and the resort tax revenues collected. The variance in resort tax revenue is due to an increase in the collection of resort tax due to an increase in tourism in the City of Miami Beach. The variance in the tax increment collection is due to an increase in the credit taken by both the City of Miami Beach and Miami-Dade County against the tax increment for prior years.

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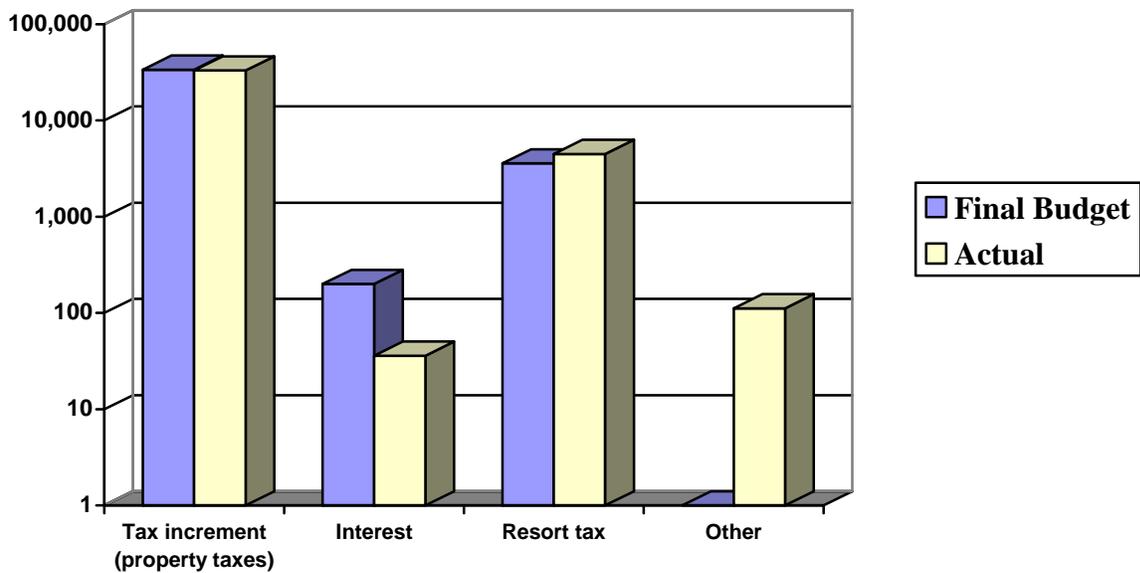
**Management's Discussion and Analysis**

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**General Fund Revenues**

The following charts and tables summarize actual revenues by category for fiscal year 2011 and compares actual revenues with the Adopted/Final Budget:

**General Fund Revenues  
Fiscal Year 2011  
(in thousands)**



**General Fund Revenues  
Fiscal Year 2011  
(in thousands)**

	Original/ Final Budget	Actual Amounts
Revenues:		
Tax increment (property taxes)	\$ 33,700	\$ 33,162
Resort tax	3,578	4,492
Interest income	200	36
Other	-	112
<b>Total revenues</b>	<b>\$ 37,478</b>	<b>\$ 37,802</b>

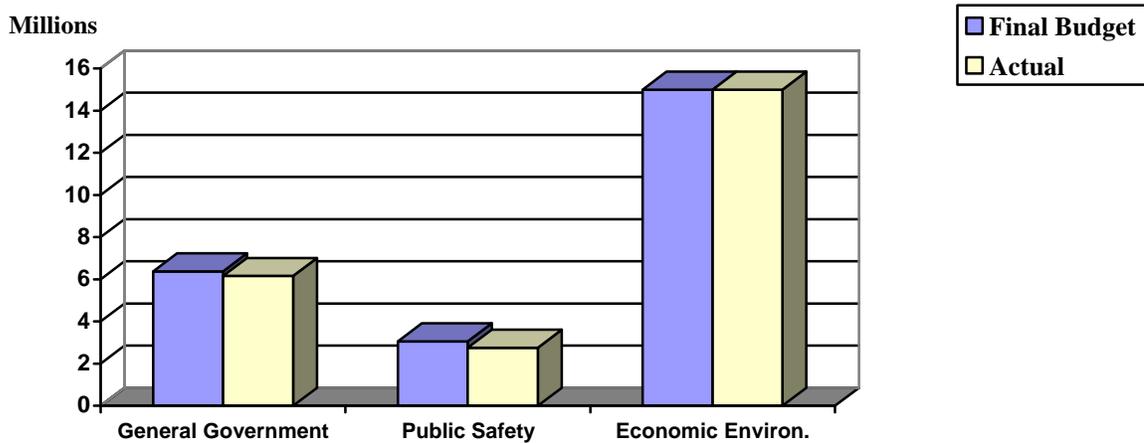
**Miami Beach Redevelopment Agency  
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**Management's Discussion and Analysis**

**General Fund Expenditures**

The following chart and table summarize actual expenditures by function/program for fiscal year 2011 and compare the actual expenditures with the Final Budget:

**General Fund Expenditures  
Fiscal Year 2011**



	Final Adopted Budget	Actual Amounts
Expenditures:		
General government	\$ 6,375	\$ 6,158
Public safety	3,052	2,753
Economic environment	15,000	15,000
<b>Total expenditures</b>	<b>\$ 24,427</b>	<b>\$ 23,911</b>

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Management's Discussion and Analysis**

**Capital Assets and Debt Administration**

**Capital Assets**

The Agency's investment in capital assets for its governmental and business-type activities as of September 30, 2011 amounts to \$123 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, vehicles, machinery and equipment, streetscape improvements, restorations and renovations and construction work-in-progress, which are detailed as follows (net of accumulated depreciation):

	Capital Assets (in thousands)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Land and land improvements	\$ 5,928	\$ 5,928	3,003	3,003	\$ 8,931	\$ 8,931
Buildings and structures	21,797	20,138	24,440	7,934	46,237	28,072
Vehicles	10	25	-	-	10	25
Machinery and equipment	7	23	106	147	113	170
Furniture and fixtures	5	7	-	-	5	7
Streetscape improvements	15,564	984	-	-	15,564	984
Restorations and renovations	8,448	8,661	-	-	8,448	8,661
Construction in progress	43,632	61,126	113	554	43,745	61,680
<b>Total</b>	<b>\$ 95,391</b>	<b>\$ 96,892</b>	<b>\$ 27,662</b>	<b>\$ 11,638</b>	<b>\$ 123,053</b>	<b>\$ 108,530</b>

The Agency has developed various capital improvement programs to improve the quality of life for the residents of the City of Miami Beach. Recent projects included the restoration of the Colony Theater, Collins Park Cultural Center including the purchase of the Miami City Ballet building and the completion of the Beachwalk. Major on-going projects include streetscape improvements, the multi-purpose municipal parking facility, the Collins Canal enhancement and the Lincoln Road project between Lenox Avenue and Alton Road among a few. Additional information on the Agency's capital assets can be found in the notes to the financial statements. Major capital asset events in progress or completed during the current fiscal year include the following:

- CCHC Neighborhood Improvements – Historic District – This project includes improvements to the stormwater collection and disposal system upgrades, water distribution center upgrades, roadway resurfacing and streetscape enhancements, landscaping, traffic calming installations, additional pedestrian lighting, and enhanced pedestrian linkages. The project limits are bounded by Washington Avenue to the west, Collins Avenue to the east, Lincoln Road to the South, and Dade Blvd to the north, and includes James, Park and Liberty Avenue, 17<sup>th</sup>, 18<sup>th</sup>, 19<sup>th</sup> and 20<sup>th</sup> Streets, and 21<sup>st</sup> Street west of Park Avenue.
- Multi-Purpose Municipal Parking Facility – A seven level parking facility having 650 parking spaces, approximately 32,000 sq. ft. of commercial office space facing Meridian Avenue and associated site improvements. The project is located on the East side of Meridian Avenue at 17th Street in the City of Miami Beach Florida behind City Hall. The project was constructed in five separate construction phases: Demolition, Piling, Underground Utilities, Garage & Office Complex and Tenant Build-Out with all but the Office Complex and Tenant Build-Out completed.

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Management’s Discussion and Analysis**

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- New World Symphony Garage Project – The Frank Gehry-designed Pennsylvania Avenue public parking garage just west of the New World Symphony (NWS). This fully self-serve garage features 550 parking spaces and approximately 8,000 square feet of first class retail space. The garage provides access to the NWS via a third floor covered walkway and is illuminated with LED lights at night that coordinate in color with lights on the protruding sunshade from NWS’s north façade.
- New World Symphony Park Project – The partnership between the City and the New World Symphony (the “Symphony”) have resulted in the New World Center; a new, state of the art performance and recording facility which opened in February 2011 on City-owned land, with the adjacent City owned 2.85 acre park, SoundScape, which features a 7,000 square foot projection wall on the eastern front of the New World building. Complete with a world-class audio system, ExoStage after dark provides a canvas for video art, music, film and simulcasts of concerts playing inside the New World Center. This facility is a technological wonder designed by celebrity architect Frank Gehry and the first of its kind in the world.
- Lincoln Road Project – Design, development, and construction of certain improvements to a portion of Lincoln Road Mall, between Lenox Avenue and Alton Road, including, without limitation, streetscape, street furniture, landscaping, decorative fountains/water features, and corresponding lighting, irrigation, and drainage systems, and which includes the closure of the aforesated portion of Lincoln Road Mall to vehicular traffic, and design, development, and construction of a new public pedestrian plaza, extending the pedestrian portion of Lincoln Road Mall further to the west (to include the referenced area between Lenox Avenue and Alton Road).
- Botanical Garden – This project is for Phase II of renovations to the Garden Center. Phase I improvements, which are complete, included new fencing, new roof with related asbestos abatement, restroom renovations, exterior paint, new doors, trash cans, benches and other site furnishings. The Phase II project will include renovations to the building, entry, patio roof, pergola, maintenance area, site improvements, lighting, signage, planting, irrigation, interior renovations and interior acoustic improvements.
- Collins Park Rotunda and Collins Park Children’s Feature – This project is for the renovation and redesign of Collins Park on the west side of Collins Avenue (approx. 4.5 acres) per Cultural Campus Master Plan after the demolition of the existing library. The Children’s Feature portion is for the construction of a child oriented art/interactive feature as part of the Collins Park project. The project will complement the previously approved Collins Park project and will provide a needed children’s space within the Collins Park/Oceanfront Neighborhood.

**Outstanding Debt**

At the end of the current fiscal year, the Agency had a total debt outstanding in the governmental activities of \$75.8 million. This debt was decreased by \$4.6 million during the year. This decrease was due to the current year principal payment of \$4.50 million.

**Miami Beach Redevelopment Agency's  
Outstanding Debt  
(in thousands)**

	Governmental Activities	
	2011	2010
Tax increment revenue bonds	\$ 75,825	\$ 80,397

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Management's Discussion and Analysis**

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***Economic Factors and Future Developments***

Based on the 2011 Certificate of Taxable Value from the Property Appraiser's Office and following two years of declining property values, the value of property in City Center is actually expected show a small but welcome 0.5% increase over 2010. However, based on the County's proposed reduction to its millage rate in 2011, the RDA anticipates a corresponding \$1.76 Million decline in TIF revenues. Based on the millage rates as proposed (City – 6.2155 mills/County – 4.805 mills), the RDA anticipates receiving \$32.6 Million in FY 2011/12. Additionally, as in previous years, the City also anticipates receiving correspondence from the County advising of the finalization of the tax roll for the prior year, which in the case of past two fiscal years, is anticipated to reflect a decrease from the preliminary valuation for the same year. The proposed budget includes an estimated adjustment of \$1.3 Million to impact the City's share of TIF, and a \$1.26 Million adjustment for the County's share.

Project-related expenses account for approximately \$21.7 Million, which includes \$3.4 Million to be allocated for community policing initiatives in City Center to continue to provide enhanced levels of staffing and services throughout the area, and \$4.3 Million for maintenance of RDA capital projects. On-going and planned capital projects in City Center are projected to account for \$13.5 Million in the FY 2011/12 Budget, and generally include allocations for reimbursement of land acquisition costs associated with the Collins Park garage project; plan development costs associated with the Collins Park garage; ancillary improvements to Collins Park; capital renewal and replacement projects; and certain smaller-scale capital improvements involving the Botanical Garden, Lincoln Road and the Colony Theater. \$395,913 in transfers to the recently opened Pennsylvania Avenue Shops and Garage are budgeted to offset the costs associated with the retail and parking operations.

***Requests for Information***

This financial report is designed to provide a general overview of the Miami Beach Redevelopment Agency's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to The Miami Beach Redevelopment Agency, Finance Department, 1700 Convention Center Drive, Miami Beach, Florida 33139.

**Miami Beach Redevelopment Agency**  
**(A Component Unit of the City of Miami Beach, Florida)**

**Statement of Net Assets**  
**September 30, 2011**

<b>Assets</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Current assets:			
Cash and investments	\$ 52,346,625	\$ 16,348,608	\$ 68,695,233
Receivables (net):			
Rent	-	407,946	407,946
Accounts receivables	-	4,351	4,351
Interest	16,462	-	16,462
Due from primary government	618,885	49,154	668,039
Prepaid expenses	4,490	44,881	49,371
<b>Total current assets</b>	<b>52,986,462</b>	<b>16,854,940</b>	<b>69,841,402</b>
Noncurrent Assets:			
Restricted cash and investments	-	106,348	106,348
Deferred charges, net	1,229,896	-	1,229,896
Capital assets not being depreciated:			
Land	5,928,000	3,003,281	8,931,281
Construction in progress	43,632,154	112,701	43,744,855
Capital assets net of accumulated depreciation:			
Buildings and structures	21,796,801	24,440,086	46,236,887
Streetscape improvements	15,564,110	-	15,564,110
Restorations and renovations	8,447,345	-	8,447,345
Vehicles	10,193	-	10,193
Machinery and equipment	6,792	105,683	112,475
Furniture and fixtures	5,367	-	5,367
<b>Total noncurrent assets</b>	<b>96,620,658</b>	<b>27,768,099</b>	<b>124,388,757</b>
<b>Total assets</b>	<b>149,607,120</b>	<b>44,623,039</b>	<b>194,230,159</b>

(Continued)

**Miami Beach Redevelopment Agency**  
**(A Component Unit of the City of Miami Beach, Florida)**

**Statement of Net Assets (Continued)**  
**September 30, 2011**

	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 2,738,613	\$ 369,215	\$ 3,107,828
Retainage payable	1,298,308	-	1,298,308
Accrued expenses	1,262,199	755	1,262,954
Due to other governments	-	12,715	12,715
Due to primary government	2,028,972	185,509	2,214,481
Unearned revenue	-	41,210	41,210
Portion due or payable within one year:			
Accrued compensated absences	92,272	-	92,272
Bonds payable	4,660,000	-	4,660,000
<b>Total current liabilities</b>	<b>12,080,364</b>	<b>609,404</b>	<b>12,689,768</b>
Long-term liabilities:			
Deposits	-	106,348	106,348
Portion due or payable after one year:			
Accrued compensated absences	119,279	-	119,279
Bonds payable	71,164,963	-	71,164,963
<b>Total long-term liabilities</b>	<b>71,284,242</b>	<b>106,348</b>	<b>71,390,590</b>
<b>Total liabilities</b>	<b>83,364,606</b>	<b>715,752</b>	<b>84,080,358</b>
Net assets:			
Invested in capital assets, net of related debt	95,390,762	27,661,751	123,052,513
Restricted for debt service	6,651,219	-	6,651,219
Unrestricted	(35,799,467)	16,245,536	(19,553,931)
<b>Total net assets</b>	<b>\$ 66,242,514</b>	<b>\$ 43,907,287</b>	<b>\$ 110,149,801</b>

See Notes to Financial Statements.

**Miami Beach Redevelopment Agency**  
**(A Component Unit of the City of Miami Beach, Florida)**

**Statement of Activities**  
**Fiscal Year Ended September 30, 2011**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Activities:							
Governmental:							
General government	\$ 6,392,144	\$ -	\$ 27,982	\$ -	\$ (6,364,162)	\$ -	\$ (6,364,162)
Public safety	2,838,502	-	-	-	(2,838,502)	-	(2,838,502)
Physical environment	40,951	-	-	-	(40,951)	-	(40,951)
Transportation	555,391	-	-	250,000	(305,391)	-	(305,391)
Economic environment	16,414,326	-	-	-	(16,414,326)	-	(16,414,326)
Culture and recreation	607,720	84,166	-	-	(523,554)	-	(523,554)
Interest on long-term debt	3,717,507	-	-	-	(3,717,507)	-	(3,717,507)
<b>Total governmental activities</b>	<b>30,566,541</b>	<b>84,166</b>	<b>27,982</b>	<b>250,000</b>	<b>(30,204,393)</b>	<b>-</b>	<b>(30,204,393)</b>
Business-type:							
Parking – Anchor & Penn. Garages	2,976,217	3,555,561	-	-	-	579,344	579,344
Leasing – Anchor & Penn. Shops	240,437	656,553	-	-	-	416,116	416,116
<b>Total business-type activities</b>	<b>3,216,654</b>	<b>4,212,114</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>995,460</b>	<b>995,460</b>
<b>Total primary government</b>	<b>\$ 33,783,195</b>	<b>\$ 4,296,280</b>	<b>\$ 27,982</b>	<b>\$ 250,000</b>	<b>(30,204,393)</b>	<b>995,460</b>	<b>(29,208,933)</b>
General revenues:							
Taxes:							
Tax increments for redevelopment districts					33,162,415	-	33,162,415
Resort tax					4,492,075	-	4,492,075
Investment income					141,766	24,031	165,797
Transfers					(16,809,974)	16,809,974	-
<b>Total general revenues</b>					<b>20,986,282</b>	<b>16,834,005</b>	<b>37,820,287</b>
Changes in net assets					(9,218,111)	17,829,465	8,611,354
Net assets, beginning					75,460,625	26,077,822	101,538,447
Net assets, ending					<b>\$ 66,242,514</b>	<b>\$ 43,907,287</b>	<b>\$ 110,149,801</b>

See Notes to Financial Statements.

**Miami Beach Redevelopment Agency**  
**(A Component Unit of the City of Miami Beach, Florida)**

**Balance Sheet**  
**Governmental Funds**  
**September 30, 2011**

<b>Assets</b>	<b>General Fund</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
Cash and investments	\$ 19,847,820	\$ 6,651,219	\$ 25,847,586	\$ 52,346,625
Receivables:				
Interest	-	-	16,462	16,462
Due from primary government	618,885	-	-	618,885
Prepaid expenses	4,490	-	-	4,490
<b>Total assets</b>	<b>\$ 20,471,195</b>	<b>\$ 6,651,219</b>	<b>\$ 25,864,048</b>	<b>\$ 52,986,462</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 2,115,463	\$ -	\$ 623,150	\$ 2,738,613
Retainage payable	-	-	1,298,308	1,298,308
Accrued expenses	17,594	-	-	17,594
Due to primary government	1,736,400	-	292,572	2,028,972
<b>Total liabilities</b>	<b>3,869,457</b>	<b>-</b>	<b>2,214,030</b>	<b>6,083,487</b>
Fund balances:				
Nonspendable	4,490	-	-	4,490
Restricted	-	6,651,219	-	6,651,219
Committed	971,660	-	23,650,018	24,621,678
Assigned	2,740,440	-	-	2,740,440
Unassigned	12,885,148	-	-	12,885,148
<b>Total fund balances</b>	<b>16,601,738</b>	<b>6,651,219</b>	<b>23,650,018</b>	<b>46,902,975</b>
<b>Total liabilities and fund balances</b>	<b>\$ 20,471,195</b>	<b>\$ 6,651,219</b>	<b>\$ 25,864,048</b>	<b>\$ 52,986,462</b>

See Notes to Financial Statements.

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Reconciliation of Governmental Funds  
Balance Sheet to the Statement of Net Assets  
September 30, 2011**

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Total fund balance – governmental funds	\$	46,902,975
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Those assets consist of:

Land	\$	5,928,000	
Construction in progress		43,632,154	
Buildings and structures, net of \$1,543,321 accumulated depreciation		21,796,801	
Street improvements, net of \$641,563 accumulated depreciation		15,564,110	
Restoration and renovations, net of \$1,021,907 accumulated depreciation		8,447,345	
Vehicles, net of \$280,387 accumulated depreciation		10,193	
Machinery and equipment, net of \$350,122 accumulated depreciation		6,792	
Furniture and fixtures, net of \$8,707 accumulated depreciation		5,367	
		<b>95,390,762</b>	<b>95,390,762</b>
<b>Total capital assets</b>			

Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net assets.

Balances at September 30, 2011 are:

Accrued interest on bonds		(1,244,605)	
Bonds payable		(75,035,000)	
Premium on bonds payable		(789,963)	
Accrued compensated absences		(211,551)	
		<b>(77,281,119)</b>	<b>(77,281,119)</b>
<b>Total long-term liabilities</b>			

Bond issuance costs are treated as expenditures in the governmental funds, but are deferred to future periods in the Statement of Net Assets and amortized over the life of the bonds.

1,229,896

<b>Total net assets of governmental activities</b>	<b>\$</b>	<b><u>66,242,514</u></b>
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See Notes to Financial Statements.

**Miami Beach Redevelopment Agency**  
**(A Component Unit of the City of Miami Beach, Florida)**

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Fiscal Year Ended September 30, 2011**

	General Fund	Debt Service	Capital Projects	Total Governmental Funds
<b>Revenues:</b>				
Tax increment	\$ 33,162,415	\$ -	\$ -	\$ 33,162,415
Resort tax	4,492,075	-	-	4,492,075
Rents and leases	84,166	-	-	84,166
Interest	35,631	60	106,075	141,766
Other	27,982	-	250,000	277,982
<b>Total revenues</b>	<b>37,802,269</b>	<b>60</b>	<b>356,075</b>	<b>38,158,404</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	6,157,801	-	-	6,157,801
Public safety	2,753,374	-	-	2,753,374
Economic environment	15,000,000	1,600,035	-	16,600,035
Capital outlay	-	-	16,792,701	16,792,701
<b>Debt service:</b>				
Principal	-	4,450,000	-	4,450,000
Interest and fiscal charges	-	3,943,254	-	3,943,254
<b>Total expenditures</b>	<b>23,911,175</b>	<b>9,993,289</b>	<b>16,792,701</b>	<b>50,697,165</b>
<b>Excess of revenues over (under) expenditures</b>	<b>13,891,094</b>	<b>(9,993,229)</b>	<b>(16,436,626)</b>	<b>(12,538,761)</b>
<b>Other financing sources (uses):</b>				
Transfers in	-	10,098,122	136,758	10,234,880
Transfers out	(10,234,880)	-	-	(10,234,880)
<b>Total other financing sources (uses)</b>	<b>(10,234,880)</b>	<b>10,098,122</b>	<b>136,758</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>3,656,214</b>	<b>104,893</b>	<b>(16,299,868)</b>	<b>(12,538,761)</b>
Fund balances, beginning	12,945,524	6,546,326	39,949,886	59,441,736
Fund balances, ending	<b>\$ 16,601,738</b>	<b>\$ 6,651,219</b>	<b>\$ 23,650,018</b>	<b>\$ 46,902,975</b>

See Notes to Financial Statements.

**Miami Beach Redevelopment Agency**  
**(A Component Unit of the City of Miami Beach, Florida)**

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities**  
**Fiscal Year Ended September 30, 2011**

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Net change in fund balances – governmental funds \$ (12,538,761)

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital outlay	16,792,701	
Capital contribution	(16,809,974)	
Depreciation expense	(1,483,696)	
Excess of deletions and depreciation over capital outlay		(1,500,969)

In addition, the net effect of various transactions involving capital assets (i.e., sales) is to decrease net assets – transfer to primary government.

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations is an expenditure in the governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The statement of net assets has been adjusted for transactions as follows:

Repayments:		
Principal – debt service	4,450,000	
Premium on bonds	121,961	
Cost of issuance	185,709	
Total long term-debt retirement and related transactions		4,757,670

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental activities section of the statement of net assets:

Accrued compensated absences		(39,837)
Accrued interests on bonds		103,786
<b>Change in net assets of governmental activities</b>		<b>\$ (9,218,111)</b>

See Notes to Financial Statements.

Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)

Statement of Net Assets  
Enterprise Funds  
September 30, 2011

Assets	Business-Type Activities Enterprise Funds		
	Parking Fund	Leasing Fund	Total
Current Assets:			
Cash and investments	\$ 10,395,518	\$ 5,953,090	\$ 16,348,608
Receivables:			
Rent, net of allowance	-	407,946	407,946
Accounts receivable	4,351	-	4,351
Due from primary government	49,154	-	49,154
Prepaid expenses	7,000	37,881	44,881
<b>Total current assets</b>	<b>10,456,023</b>	<b>6,398,917</b>	<b>16,854,940</b>
Noncurrent Assets:			
Restricted cash and investments	11,132	95,216	106,348
Capital assets:			
Land	2,793,051	210,230	3,003,281
Buildings and structures	28,054,694	2,052,691	30,107,385
Machinery and equipment	216,371	9,404	225,775
Construction in progress	112,701	-	112,701
Less accumulated depreciation	(5,366,213)	(421,178)	(5,787,391)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>25,810,604</b>	<b>1,851,147</b>	<b>27,661,751</b>
<b>Total noncurrent assets</b>	<b>25,821,736</b>	<b>1,946,363</b>	<b>27,768,099</b>
<b>Total assets</b>	<b>36,277,759</b>	<b>8,345,280</b>	<b>44,623,039</b>
<b>Liabilities and Net Assets</b>			
Current Liabilities:			
Accounts payable	339,801	29,414	369,215
Accrued expenses	755	-	755
Due to other governments	12,715	-	12,715
Due to primary government	169,578	15,931	185,509
Unearned revenue	41,210	-	41,210
<b>Total current liabilities</b>	<b>564,059</b>	<b>45,345</b>	<b>609,404</b>
Noncurrent Liabilities:			
Deposits	11,132	95,216	106,348
<b>Total noncurrent liabilities</b>	<b>11,132</b>	<b>95,216</b>	<b>106,348</b>
<b>Total liabilities</b>	<b>575,191</b>	<b>140,561</b>	<b>715,752</b>
Net Assets			
Invested in capital assets	25,810,604	1,851,147	27,661,751
Unrestricted	9,891,964	6,353,572	16,245,536
<b>Total net assets</b>	<b>\$ 35,702,568</b>	<b>\$ 8,204,719</b>	<b>\$ 43,907,287</b>

See Notes to Financial Statements.

**Miami Beach Redevelopment Agency**  
**(A Component Unit of the City of Miami Beach, Florida)**

**Statement of Revenues, Expenses and Changes in Fund Net Assets –**  
**Enterprise Funds**  
**Fiscal Year Ended September 30, 2011**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Parking</b>	<b>Leasing</b>	<b>Total</b>
	<b>Fund</b>	<b>Fund</b>	
Operating revenues:			
Charges for services	\$ 2,976,817	\$ -	\$ 2,976,817
Permits, rentals and other	578,744	656,553	1,235,297
<b>Total operating revenues</b>	<b>3,555,561</b>	<b>656,553</b>	<b>4,212,114</b>
Operating expenses:			
Operating supplies	24,714	45,591	70,305
Contractual services	1,647,573	76,917	1,724,490
Utilities	97,111	-	97,111
Administrative fees	282,415	-	282,415
Depreciation	719,139	67,247	786,386
Other	205,265	50,682	255,947
<b>Total operating expenses</b>	<b>2,976,217</b>	<b>240,437</b>	<b>3,216,654</b>
<b>Operating income</b>	<b>579,344</b>	<b>416,116</b>	<b>995,460</b>
Capital contribution	16,098,943	711,031	16,809,974
Interest income	14,826	9,205	24,031
<b>Total nonoperating revenues</b>	<b>16,113,769</b>	<b>720,236</b>	<b>16,834,005</b>
<b>Changes in net assets</b>	<b>16,693,113</b>	<b>1,136,352</b>	<b>17,829,465</b>
Total net assets, beginning	19,009,455	7,068,367	26,077,822
Total net assets, ending	<b>\$ 35,702,568</b>	<b>\$ 8,204,719</b>	<b>\$ 43,907,287</b>

See Notes to Financial Statements.

**Miami Beach Redevelopment Agency**  
**(A Component Unit of the City of Miami Beach, Florida)**

**Statement of Cash Flows**  
**Enterprise Funds**  
**Fiscal Year Ended September 30, 2011**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Parking Fund</b>	<b>Leasing Fund</b>	<b>Total</b>
<b>Cash Flows From Operating Activities:</b>			
Cash received from customers	\$ 2,981,847	\$ (42,992)	\$ 2,938,855
Cash paid to suppliers	(1,620,230)	(103,466)	(1,723,696)
Payments made to primary government	(379,421)	(19,576)	(398,997)
Other operating	578,744	656,553	1,235,297
<b>Net cash provided by operating activities</b>	<b>1,560,940</b>	<b>490,519</b>	<b>2,051,459</b>
<b>Cash Flows From Investing Activities:</b>			
Interest on investments	14,826	9,205	24,031
<b>Net cash provided by investing activities</b>	<b>14,826</b>	<b>9,205</b>	<b>24,031</b>
<b>Net increase in cash and investments</b>	<b>1,575,766</b>	<b>499,724</b>	<b>2,075,490</b>
Cash and investments – beginning of year	8,830,884	5,548,582	14,379,466
Cash and investments – end of year	<b>\$ 10,406,650</b>	<b>\$ 6,048,306</b>	<b>\$ 16,454,956</b>
<b>Reconciliation of Operating Income to Net Cash</b>			
<b>Provided By Operating Activities</b>			
Operating income	\$ 579,344	\$ 416,116	\$ 995,460
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation	719,139	67,247	786,386
Provisions for uncollectible accounts	-	(30,001)	(30,001)
Changes in assets and liabilities:			
Increase in receivables	-	(37,991)	(37,991)
Increase in due from primary government	(25,150)	-	(25,150)
Decrease in prepaid expenses	-	8,505	8,505
Increase in accounts payable	142,183	29,413	171,596
Increase in accrued expenses	107	-	107
Increase (decrease) in due to other governments	10,154	(907)	9,247
Increase in due to primary government	130,133	13,137	143,270
Increase in unearned revenue	2,160	-	2,160
Increase in deposits	2,870	25,000	27,870
<b>Total adjustments</b>	<b>981,596</b>	<b>74,403</b>	<b>1,055,999</b>
<b>Net cash provided by operating activities</b>	<b>\$ 1,560,940</b>	<b>\$ 490,519</b>	<b>\$ 2,051,459</b>

See Notes to Financial Statements.

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies**

A. Financial Reporting Entity

In February 1976, the Miami Beach Redevelopment Agency (the "Agency") was formed by the City of Miami Beach, Florida (the "City") under the provisions of Chapter 163 of the Florida Statutes.

The Agency's stated purpose was to spur development and redevelopment in the South Pointe area of the City, an area which includes approximately 250 acres at the southern tip of the City, and a redevelopment area called the City Center/Historic Convention Village Redevelopment and Revitalization Area. During fiscal year 2006, the South Pointe district, under the Agency's jurisdiction expired, and at that point, the City assumed the responsibilities for the South Pointe area. At that time, the stated purpose became specifically the City Center/Historic Convention Village Redevelopment and Revitalization Area.

Subsequent to its inception in March 1977, the City adopted the Agency's redevelopment plan which provided for the construction of residential housing, hotels, a marina and commercial, recreational and entertainment facilities. Because of the desire of the City Commission to revise the concept for redevelopment of the South Pointe area, on December 17, 1982, the City Commission declared itself to be, and to constitute the Agency. This action resulted in the City Commissioners becoming the new Agency's Board Members and the City manager becoming the executive director of the Agency. The Agency's budget is adopted by its Board of Directors.

The City Center/Historic Convention Village Redevelopment and Revitalization Area was formed in the same manner as the South Pointe Area. In March 1993, the City adopted the Agency's redevelopment plan for the City Center/Historic Convention Village Redevelopment and Revitalization Area, which called for the revitalization of the blighted area surrounding the Miami Beach Convention Center and Lincoln Road.

The City has expended certain of its funds prior to and subsequent to the inception of the Agency for various projects, which have benefited the redevelopment area. These expenditures have been recorded in the accounting records of the City, and accordingly, are not reflected in the accompanying financial statements of the Agency.

The City provides the Agency facilities for its operations.

The Board of Directors of the Agency (the "Board") is comprised of the six members of the City Commission and the Mayor. The Agency meets the criteria for inclusion in the City's reporting entity as a blended component unit, and therefore, has been reported in the basic financial statements of the City.

For financial reporting purposes, in accordance with Governmental Accounting Standards Board ("GASB") Codification Section 2100, the Agency includes those organizations and activities that are generally controlled by or dependent on the Agency. Control by or dependence on the Agency is determined on the basis of such factors as budget adoption, outstanding debt secured by revenue of the Agency and obligation of the Agency to finance any deficit that may occur.

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements report information on all of the nonfiduciary activities of the Agency. For the most part, the effect of interfund activity has been removed from these statements. The government-wide focus is more on the sustainability of the Agency as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements focus on short-term results of operations and financing decisions at a specific fund level. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given functional category are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category. The Agency's program revenue consists of charges to customers or applicant's who purchase, use or directly benefit from goods, services or privileges provided by a given functional category. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The basic financial statements consist of the government-wide financial statements and fund financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes (tax increments) are recognized as revenue in the year when levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and current liabilities are generally included on their balance sheet. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide governmental activities column, a reconciliation is necessary to explain the adjustments needed to reconcile the fund based financial statements to the governmental activities column of the government-wide presentation. Their operating statements present sources (revenue and financing sources) and uses (expenditures and other financing uses) of available spendable resources during the period. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service, compensated absence and claims expenditures, are recorded only when the liability has matured and payment is due.

Tax increment when levied for, resort taxes, grants when all the eligibility requirements have been met, and interest associated with the current fiscal period, are all considered to be measurable and so have been recognized as revenues of the current fiscal period, if available. All other revenues are measurable upon receipt of cash and are recognized at that time.

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

Amounts reported as program revenue in the government-wide financial statements include charges to customers or applicants for goods and services or privileges provided and, operating grants and contributions and capital grants and contributions restricted to a particular program. Internally dedicated resources are reported as general revenues rather than as program revenues. All taxes are included in general revenues.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, and then unrestricted resources as they are needed.

The Agency reports the following major governmental funds:

- The general fund is the general operating fund of the Agency. All financial resources, except those required to be accounted for in another fund, are accounted for in the general fund.
- The City Center debt service fund is used to account for the accumulation of resources for the payment of general long-term debt, principal, interest and related costs associated with the City Center District.
- The City Center capital projects fund accounts for financial resources to be used for the acquisition or construction of major capital facilities within the City Center District.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

The Agency established the use of proprietary funds to account for its business-type activities; accordingly, the operations of the Agency's parking and leasing activities are accounted for in separate enterprise funds.

The Agency reports the following major proprietary funds:

- The Parking Fund accounts for the parking operations of the Anchor Garage and the Pennsylvania Avenue Garage, which are located within the City Center District.
- The Leasing Fund accounts for the leasing operations of the Anchor Shops and the Pennsylvania Avenue Shops. The Anchor Shops and Pennsylvania Avenue Shops are both located within the City Center District.

GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, offers the option of following all Financial Accounting Standards Board (FASB) standards issued after November 30, 1989, unless the latter conflict with or contradict GASB pronouncements, or not following FASB standards issued after such date. The Agency has elected not to implement FASB standards issued after November 30, 1989 for reporting business-type activities and enterprise funds.

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities and Net Assets or Equity**

1. Capital Assets

Capital assets, which include property, vehicles, machinery, furniture and fixtures, are reported in the applicable governmental or business-type columns in the government-wide and proprietary fund financial statements. Capital assets are defined by the Agency as assets with an initial, individual cost as described below, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or at valuations, which approximate cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. During the construction phase of capital assets, interest expense of business-type activities is included as part of the capitalized cost of the assets constructed.

Property, furniture and fixtures of the Agency are depreciated over the estimated useful lives using the straight-line method. The estimated useful lives and the capitalization threshold effective October 1, 2010, are as follows:

Assets	Threshold	Years
Land & other nondepreciable assets	Capitalize All	N/A
Construction work in progress	\$ 100,000	N/A
Building and building improvements	\$ 100,000	35 – 50
Roads, Sidewalks, Foot Bridges, and Curbs & Streets	\$ 100,000	10 – 30
Causeways, Bridges, Canals, and Drainage Systems	\$ 100,000	50
Guard rails, Noise abatement, Alley and Seawalls, boardwalk, walkways	\$ 100,000	30
Furniture and Equipment	\$ 5,000	7
Maintenance and Heavy Moving Equip.	\$ 5,000	15
Motor Vehicles	\$ 5,000	5
Motor Vehicles (Greater than \$50,000)	\$ 50,000	10

In governmental funds, capital outlay (capital assets) is reported as an expenditure and no depreciation expense is reported.

2. Cash and Investments

Cash is comprised of deposits with financial institutions. Investments are comprised of U.S. Treasury obligations, money market funds and repurchase agreements. For the purpose of the statement of cash flows for the proprietary fund types, cash and investments are short-term, highly liquid investments with an original maturity of three months or less.

Investments are recorded at fair value using quoted market price or the best available estimate thereof, except for those investments with remaining maturities of one year or less, when purchased, which are recorded at amortized cost, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

3. Prepaid Items

Expenditures made for services that will benefit periods beyond September 30, 2011 are recorded as prepaid expenses in the government-wide statements. Accordingly, a portion of fund balance has been reserved to indicate that these funds are not available for appropriation.

4. Fund Equity/Net Assets

Fund Equity:

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, establishes criteria for classifying fund balances into specifically defined classification and clarifies definitions for governmental fund types. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

- a. Nonspendable Fund Balance – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted Fund Balance - amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- c. Committed Fund Balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority.
- d. Assigned Fund Balance – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- e. Unassigned Fund Balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purpose within the general fund.

Net Assets:

Net Assets – The government-wide and proprietary funds financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets net of related debt, restricted or unrestricted. The first category represents capital assets, less accumulated depreciation and net of any outstanding debt associated with the acquisition of capital assets. Restricted net assets represent amounts that are restricted by requirement of debt indenture. Unrestricted net assets represents the net assets of the Agency which are not restricted for any project or purpose. The unrestricted deficit in the governmental activities net assets is a result of the outstanding debt not being included in the invested in capital assets net of related debt calculation. This is because the capital assets were not financed by the outstanding debt.

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

5. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's estimates.

6. Risk Management

The City, which includes coverage for the Agency, is self-insured for health insurance, automobile liability, general liability, police professional liability, workers' compensation, theft and property damage. The Agency is charged a premium by the City's self-insurance fund. The Agency does not retain any risk beyond premiums paid to the City. For fiscal year ended September 30, 2011, the City charged the Agency \$327,885 for health insurance, automobile liability, general liability, police professional liability and workers' compensation coverage.

7. Employee Benefit Plan

The following is a brief description of the Agency employees' participation in the Miami Beach Employees' Retirement Plan and the City's Pension Fund for Firefighter's and Police (the "Plans"). Readers should refer to Note I parts 3 (a) and (b) of the City's 2011 Comprehensive Annual Financial Report and Plan documents for detailed and comprehensive information on the Plans.

All full-time employees of the City who work more than 30 hours per week and hold classified or unclassified positions, except for Policemen and Firemen, are covered by the Miami Beach Employees' Retirement Plan (the "Plan"). The Plan provides retirement benefits as well as death and disability benefits at two different tiers depending on when the employees entered the plan. All First Tier employees who participate are required to contribute 12% of their salary to the Plan. All Second Tier employees are required to contribute 10% of their salary. The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

The City's Pension Fund for Firefighters and Police (the "Plan") is a defined benefit pension plan covering substantially all police officers and firefighters of the City. Members of the plan contribute 10% of their salary. The City is required to contribute an actuarially determined amount that, when combined with members' contributions, will fully provide for all benefits as they become payable.

Based on a percentage of budgeted salary by position per department, the Agency is allocated a proportionate share of contributions by the City and hence contributes annually to the Plans. Contributions for 2011 were \$763,225. At September 30, 2011 the Agency did not have a net pension obligation or a net pension asset.

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**8. Post Employment Benefits Other Than Pensions (OPEB)**

Government Accounting Standards Board (GASB Statement No. 45), Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB), was effective for the Agency beginning with its year ending September 30, 2008. This Statement improves the relevance and usefulness of financial reporting by requiring systematic, accrual basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and provides information about actuarial accrued liabilities associated with OPEB and whether, and to what extent, progress is being made in funding the plan.

Pursuant to Section 112.08, Florida Statutes, the City is required to permit eligible retirees and their eligible dependents to participate in the City's health insurance program at a cost to the retirees that is no greater than the cost at which coverage is available for active employees. This coverage extends to Agency employees.

The City has the authority to establish and amend funding policy. The annual cost (expense) of the City's Plan is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years.

The Agency's Annual Required Contribution (ARC) to the OPEB Trust for the fiscal year ended September 30, 2011 was based on an actuarially determined amount for the City. The Agency was allocated its equitable share of the ARC based on its covered payroll. The Agency contributed \$215,478 to the OPEB Trust. At September 30, 2011, the Agency did not have a net OPEB obligation or a net OPEB asset. Readers should refer to Note 1 part 3 (e) of the City's 2011 Comprehensive Annual Financial Report for detailed and comprehensive information on OPEB.

**9. Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Debt principal payments are reported as debt service expenditures.

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Notes to Financial Statements**

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**Note 2. Deposits and Investments**

Deposits

All deposits are held in banking institutions approved by the State Treasurer of the State of Florida, to hold public funds. Under the Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral equal to 50% to 125% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. governmental and agency securities, state or municipality government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280, Florida Statutes. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Investments

The Agency adopted the City's ordinance designating the investments which are allowable for its cash management activities. The policy specifies the types and limits by instrument and establishes a diversified investment objective that takes into consideration the safety, return and liquidity of capital. The authorized investments include direct U.S. treasury obligations, U.S. government agencies, corporate bonds, commercial paper, state or municipal obligations and repurchase agreements. These investments are insured, or registered, or the securities are held by its agent in the Agency's name.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market rates.

Investments are made based on prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. If the yield of the portfolio can be improved by the sale of an investment, prior to maturity, with the reinvestment of the proceeds, then this provision is allowed. As a means of limiting its exposure to fair value losses, the Agency's investment policy limits maturity of its investments to seven years or less. At September 30, 2011, all of the Agency's investments had a maturity of less than one year.

As of September 30, 2011, the Agency had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1
U.S. Treasury Securities	\$ 19,638,143	\$ 19,638,143
Money Market Funds	6,577,720	6,577,720
Repurchase Agreements - U.S. Treasuries	5,510,274	5,510,274
	\$ 31,726,137	\$ 31,726,137

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Notes to Financial Statements**

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**Note 2. Deposits and Investments (Continued)**

Credit risk: This is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. State law limits investments in commercial paper and corporate bonds rated in one of the top two ratings issued by the Nationally Recognized Statistical Rating Organization (“NRSRO”). It is the Agency’s policy to limit its investments in these investment types to the top rating issued by the NSRSO. As of September 30, 2011, the Agency had no investments in commercial paper or corporate bonds.

Obligations of the U.S. government or obligations explicitly or implicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

As of September 30, 2011 the Agency’s investments were rated by Moody’s Investors Service and Standard & Poor’s as follow:

Investment Type	Issuer	Standard & Poor's	Moody's	Fair Value
U.S. Government Treasuries	U.S. Government	AA+	Aaa	\$ 25,148,417
Money Market Fund	U.S. Government	AA+	Aaa	6,577,720

Concentration of credit risk: The Agency’s investment plan limits the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. The maximum portfolio allocation is 100% for both repurchase agreements and Treasury Securities as well as money market funds unless they are private money market mutual funds backed by “Full Faith and Credit” U.S. Government Securities in which case they cannot exceed 25%.

The Agency’s cash and investments at September 30, 2011 are shown below:

	Carrying Amount	% of Portfolio
Demand deposits – interest bearing	\$ 37,120,912	53.95%
Money market fund	6,577,720	9.56%
Repurchase agreements	5,510,274	8.01%
Treasury securities	19,592,675	28.48%
	\$ 68,801,581	100.00%

Custodial credit risk: The Agency’s investment policy requires that securities be registered in the name of the Agency. All safekeeping receipts for investment instruments are held in accounts in the Agency’s name and all securities are registered in the Agency’s name. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Agency’s investments in Treasury securities and repurchase agreements are held by a counterparty in the Agency’s name.

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Notes to Financial Statements**

**Note 3. Capital Assets**

Capital asset activities for the year ended September 30, 2011 were as follows:

A. Governmental activities

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,928,000	\$ -	\$ -	\$ 5,928,000
Construction in progress	61,126,516	16,792,701	34,287,063	43,632,154
<b>Total capital assets, not being depreciated</b>	<b>67,054,516</b>	<b>16,792,701</b>	<b>34,287,063</b>	<b>49,560,154</b>
Capital assets, being depreciated:				
Buildings and structures	21,101,193	2,238,929	-	23,340,122
Streetscape improvements	1,069,723	15,135,950	-	16,205,673
Restorations/renovations	9,367,042	102,210	-	9,469,252
Vehicles	290,580	-	-	290,580
Machinery and equipment	356,914	-	-	356,914
Furniture and fixtures	14,074	-	-	14,074
<b>Total capital assets being depreciated</b>	<b>32,199,526</b>	<b>17,477,089</b>	<b>-</b>	<b>49,676,615</b>
Less accumulated depreciation for:				
Buildings and structures	963,244	580,077	-	1,543,321
Streetscape improvements	86,172	555,391	-	641,563
Restorations/renovations	706,087	315,820	-	1,021,907
Vehicles	265,094	15,293	-	280,387
Machinery and equipment	334,407	15,715	-	350,122
Furniture and fixtures	7,307	1,400	-	8,707
<b>Total accumulated depreciation</b>	<b>2,362,311</b>	<b>1,483,696</b>	<b>-</b>	<b>3,846,007</b>
<b>Total capital assets, being depreciated, net</b>	<b>29,837,215</b>	<b>15,993,393</b>	<b>-</b>	<b>45,830,608</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 96,891,731</b>	<b>\$ 32,786,094</b>	<b>\$ 34,287,063</b>	<b>\$ 95,390,762</b>

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Notes to Financial Statements**

**Note 3. Capital Assets (Continued)**

**B. Business-Type Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,003,281	\$ -	\$ -	\$ 3,003,281
Construction in progress	554,466	-	441,765	112,701
Total capital assets, not being depreciated	3,557,747	-	441,765	3,115,982
Capital assets, being depreciated:				
Buildings and structures	12,855,648	17,251,736	-	30,107,384
Machinery and equipment	225,775	-	-	225,775
Total capital assets being depreciated	13,081,423	17,251,736	-	30,333,159
Less accumulated depreciation for:				
Buildings and structures	4,921,821	745,477	-	5,667,298
Machinery and equipment	79,185	40,907	-	120,092
Total accumulated depreciation	5,001,006	786,384	-	5,787,390
Total capital assets, being depreciated, net	8,080,417	16,465,352	-	24,545,769
Business-type activities capital assets, net	\$ 11,638,164	\$ 16,465,352	\$ 441,765	\$ 27,661,751

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Notes to Financial Statements**

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**Note 3. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of Agency as follows:

**Governmental activities:**

General government	\$ 249,208
Public safety	30,426
Physical environment	40,951
Transportation	555,391
Culture and recreation	607,720
Total depreciation expense – governmental activities	<u>\$ 1,483,696</u>

**Business-type activities:**

Parking	\$ 719,139
Leasing	67,247
Total depreciation expense – business-type activities	<u>\$ 786,386</u>

**Note 4. Construction Commitments**

The Agency had the following construction commitments as of September 30, 2011:

City Center Capital Projects	\$ 5,899,901
Anchor Garage	2,831
	<u>\$ 5,902,732</u>

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Notes to Financial Statements**

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**Note 5. Tenant Leases**

The Agency serves as the lessor for the tenants leasing various retail facilities. The tenant leases are considered operating leases, which expire at various dates through fiscal year 2021. For leases that contain predetermined fixed escalations of the minimum rentals, the Agency recognizes the related rental revenue on the straight-line basis over the initial lease term. Future minimum lease payments to be received under the operating leases at September 30, 2011 are as follows:

Year Ending September 30,	
2012	\$ 612,503
2013	561,259
2014	449,683
2015	286,709
2016	177,263
2017-2021	469,710
	<u>\$ 2,557,127</u>

The following schedule provides an analysis of the Agency's investment in property under operating leases and property held for lease by major classes as of September 30, 2011:

Retail Space	\$ 1,608,502
Recreational Facilities	5,059,879
Less: Accumulated Depreciation	(1,187,255)
	<u>\$ 5,481,126</u>

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Notes to Financial Statements**

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**Note 6. Tax Increment Revenue Bonds**

On July 1, 1998, the Agency issued \$29,105,000 (Series 1998A) and \$9,135,000 (Series 1998B) in tax-increment bonds. These bonds are secured by a lien upon and pledge of the funds, which include: (a) the net trust fund revenue received by the Agency from the City Center/Historic Convention Village Redevelopment and Revitalization Area, (b) the portion of the proceeds for the City's municipal resort tax levied and collected by the City and received by the trustee, and (c) moneys and investments in the funds and accounts created under the resolution. The Series 1998A bonds were issued with interest rates of 6.70% to 7.00% payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2020. The Series 1998B bonds were issued with interest rates of 3.60% and 5.20% payable semiannually on each June 1 and December 1, and matured serially through December 1, 2008 at which time they were paid off in full. The bonds are subject to a trust indenture, which requires that annual debt service requirements be fully funded upon receipt of trust fund revenue and supplemental revenue, and that any shortage shall be funded based on the supplemental revenue resolution. The bonds were issued for the development and construction of certain areas within the Redevelopment Area. Specifically, these projects include certain public areas of the Loews Miami Beach Hotel, development of the Anchor Garage, acquisition of property for the development and construction of the Royal Palm Crowne Plaza Resort Hotel, acquisition of property for development and construction of a portion of the cultural center facilities and additional public improvements within the Redevelopment Area. The Series 1998A and 1998B tax-increment bonds were partially refunded/defeased by the issuance of the Series 2005A and 2005B tax-increment revenue refunding bonds on September 22, 2005. The Series 1998A bonds had a remaining outstanding principal balance, after the refunding, of \$10,000,000 at September 30, 2011.

On September 22, 2005, the Agency issued \$51,440,000 (Series 2005A) and \$29,330,000 (Series 2005B) in tax-increment bonds. These bonds are secured by a lien upon and pledge of the funds, which include: (a) the net trust fund revenue received by the Agency from the Redevelopment Area, (b) the portion of the proceeds for the City's municipal resort tax levied and collected by the City and received by the trustee, and (c) moneys and investments in the funds and accounts created under the resolution. The Series 2005A bonds were issued with interest rates of 4.31% to 5.22% payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2022. The Series 2005B bonds were issued with interest rates of 3.25% to 5.00% payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2022. The bonds are subject to a trust indenture, which requires that annual debt service requirements be fully funded upon receipt of trust fund revenue and supplemental revenue, and that any shortage shall be funded based on the supplemental revenue resolution. The bonds were issued to partially refund the outstanding Tax Increment Revenue Bonds, Taxable Series 1996A and 1996B, to refund all of the outstanding Tax Increment Revenue Bonds, Series 1993, and to partially refund the outstanding Tax Increment Revenue Bonds, Series 1998A and 1998B.

The Agency has pledged net revenues received from the City Center/ Historic Convention Village Redevelopment and Revitalization Area and the Agency's portion of the proceeds from the municipal resort tax levied and collected by the City for the 1998 Series Tax Increment Revenue Bonds and 2005 Series Tax Increment Revenue Refunding Bonds. The total principal and interest remaining to be paid on the bonds is \$101,012,341. For the fiscal year ended September 30, 2011, debt service on the tax increment bonds was \$8,393,254 and tax increment revenues totaled \$33,162,415.

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Notes to Financial Statements**

**Note 6. Tax Increment Revenue Bonds (Continued)**

The aggregate maturities of tax increment revenue bonds at September 30, 2011 are as follows:

Year Ending September 30,	Principal	Interest	Total
2012	\$ 4,660,000	\$ 3,733,816	\$ 8,393,816
2013	4,885,000	3,512,766	8,397,766
2014	5,125,000	3,278,739	8,403,739
2015	5,375,000	3,039,103	8,414,103
2016	5,635,000	2,773,056	8,408,056
2017 – 2021	33,275,000	8,800,234	42,075,234
2022 – 2023	16,080,000	839,627	16,919,627
	75,035,000	25,977,341	101,012,341
Add unamortized bond premium	789,963	-	789,963
	<u>\$ 75,824,963</u>	<u>\$ 25,977,341</u>	<u>\$ 101,802,304</u>

**Note 7. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Tax increment revenue bonds	\$ 80,396,924	\$ -	\$ 4,571,961	\$ 75,824,963	\$ 4,660,000
<b>Total bonds payable</b>	<u>80,396,924</u>	<u>-</u>	<u>4,571,961</u>	<u>75,824,963</u>	<u>4,660,000</u>
Compensated absences	171,714	132,109	92,272	211,551	92,272
<b>Governmental activity long-term liabilities</b>	<u>\$ 80,568,638</u>	<u>\$ 132,109</u>	<u>\$ 4,664,233</u>	<u>\$ 76,036,514</u>	<u>\$ 4,752,272</u>
Business-type activities:					
Tenant deposits	\$ 78,478	\$ 28,090	\$ 220	\$ 106,348	\$ -
<b>Business-type activity long-term liabilities</b>	<u>\$ 78,478</u>	<u>\$ 28,090</u>	<u>\$ 220</u>	<u>\$ 106,348</u>	<u>\$ -</u>

**Note 8. Tax Increment Revenue**

The Agency is primarily funded through tax-increment revenue. This revenue is computed by applying the operating tax for the City and Miami-Dade County, Florida, (the "County") multiplied by the increased value of property in the district over the base property value minus 5%. Both the City and the County are required to fund this amount annually without regard to tax collections or other obligations.

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Notes to Financial Statements**

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**Note 9. Related-Party Transactions**

The Agency obtains certain managerial and administrative services from the Primary Government in accordance with a management agreement. The Agency incurred \$1,477,470 of management-fee expense under this agreement for the year ended September 30, 2011. Presented below are the Agency's balances outstanding at September 30, 2011, resulting from other transactions with the Primary Government. The majority of the balance due to the primary government represents sanitation and property management expenses incurred by the City on behalf of the Agency as well as community policing overtime due to the City. The majority of the balance due from the primary government represents the remaining resort tax proceeds due to the Agency for fiscal year 2011.

Governmental funds:

Due from the primary government to:

General fund	<u>\$ 618,885</u>
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Due to the primary government from:

General fund	\$ 1,736,400
Capital projects fund	<u>292,572</u>
	<u>\$ 2,028,972</u>

Business-type activities:

Due from the primary government from:

Enterprise funds – parking fund	<u>\$ 49,154</u>
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Due to the primary government from:

Enterprise funds – parking fund	\$ 169,578
Enterprise funds – leasing fund	<u>15,931</u>
	<u>\$ 185,509</u>

**Note 10. Interfund Transfers**

Interfund transfers for the year ended September 30, 2011 consisted of the following:

Governmental funds:

Transfers from the general fund to:

Debt service	\$ 10,098,122
Capital projects	<u>136,758</u>
Total transfers from the general fund	<u>\$ 10,234,880</u>

Transfers are used to: (1) move revenues from the fund that budget requires to collect them to the fund that budget requires to expend them, and (2) move receipts restricted for debt services from the funds collecting the receipts to the debt service fund.

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Notes to Financial Statements**

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**Note 11. Receivables**

Receivables at September 30, 2011 for the Agency's governmental and enterprise funds are as follows:

	Business-Type Activities		
	Parking Funds	Leasing Funds	Total
Receivables:			
Rent	\$ -	\$ 528,021	\$ 528,021
Accounts	4,351	-	4,351
Gross receivables	4,351	528,021	532,372
Less allowance for uncollectible	-	120,075	120,075
Net receivables	<u>\$ 4,351</u>	<u>\$ 407,946</u>	<u>\$ 412,297</u>

**Note 12. Governmental Fund – Fund balance**

The Agency reported the following governmental fund balances:

- Nonspendable Fund Balance – These amounts cannot be spent because they are not in spendable form.
- Restricted Fund Balance – These amounts are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by the Agency Board. The items cannot be removed unless the Board removes it in the same manner it was implemented.
- Assigned Fund Balance – These amounts are approved and committed by the Agency Board subsequent to September 30, 2011.
- Unassigned Fund Balance – These amounts are available for assignment by the Agency's Board.

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Notes to Financial Statements**

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**Note 12. Governmental Fund – Fund balance (Continued)**

Below is a table of fund balance categories and classifications at September 30, 2011 for the Agency's governmental funds:

	General Fund	Debt Service	Capital Projects
Fund balances:			
Non-spendable:			
Prepays	\$ 4,490	\$ -	\$ -
Restricted:			
Debt Service	-	6,651,219	-
Committed:			
Capital Renew & Replacement	971,660	-	-
Environmental	-	-	1,441,046
General Public Facility	-	-	902,062
Parking Garage/Lot	-	-	73,999
Parks	-	-	1,483,443
Streets/Sidewalks	-	-	19,203,704
Transit	-	-	206,537
Utilities	-	-	339,227
Assigned:	-	-	-
Streets/Sidewalks	2,740,440	-	-
Unassigned:	12,885,148	-	-
Total Fund Balance	<u>\$ 16,601,738</u>	<u>\$ 6,651,219</u>	<u>\$ 23,650,018</u>

**Note 13. Contingencies**

The Agency, in the normal course of operations, is a party to various other actions in which plaintiffs have alleged certain damages. In all cases, management does not believe the disposition of these matters will materially affect the financial position of the Agency.

**REQUIRED SUPPLEMENTARY INFORMATION  
(OTHER THAN MD&A)**

**Miami Beach Redevelopment Agency**  
**(A Component Unit of the City of Miami Beach, Florida)**

**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended September 30, 2011**  
**(Unaudited)**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget – Positive (Negative)
<b>Revenues:</b>				
Tax increment	\$ 33,450,944	\$ 33,700,525	\$ 33,162,415	\$ (538,110)
Resort tax	3,578,067	3,578,067	4,492,075	914,008
Rents and leases	-	-	84,166	84,166
Interest	200,000	200,000	35,631	(164,369)
Other	-	-	27,982	27,982
<b>Total revenues</b>	<b>37,229,011</b>	<b>37,478,592</b>	<b>37,802,269</b>	<b>323,677</b>
<b>Expenditures:</b>				
General government	6,100,503	6,374,737	6,157,801	216,936
Public safety	3,052,215	3,052,215	2,753,374	298,841
Economic environment	15,000,000	15,000,000	15,000,000	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>24,152,718</b>	<b>24,426,952</b>	<b>23,911,175</b>	<b>515,777</b>
<b>Excess of revenues over expenditures</b>	<b>13,076,293</b>	<b>13,051,640</b>	<b>13,891,094</b>	<b>839,454</b>
<b>Other financing sources (uses):</b>				
Sale of capital assets	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	(10,130,047)	(10,234,880)	(10,234,880)	-
<b>Total other financing sources (uses)</b>	<b>(10,130,047)</b>	<b>(10,234,880)</b>	<b>(10,234,880)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>2,946,246</b>	<b>2,816,760</b>	<b>3,656,214</b>	<b>839,454</b>
Fund balance, beginning	12,945,524	12,945,524	12,945,524	-
Fund balance, ending	<b>\$ 15,891,770</b>	<b>\$ 15,762,284</b>	<b>\$ 16,601,738</b>	<b>\$ 839,454</b>

See Accompanying Notes to Required Supplementary Information.

**Miami Beach Redevelopment Agency  
(A Component Unit of the City of Miami Beach, Florida)**

**Notes to Budgetary Comparison Schedule  
September 30, 2011 (Unaudited)**

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**Note 1. Budgetary Policy**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The Agency uses appropriations in the capital budget to authorize the expenditures of funds for various capital projects. Capital appropriations, unless modified or rescinded, remain in effect until the completion of each project.

At least 65 days prior to the beginning of the fiscal year, the City Commission, which also serves as the Agency's Board of Directors, is presented with a proposed budget. The proposed budget includes anticipated expenditures and the means of financing them. After Commission review and public hearings, the budget is adopted prior to October 1<sup>st</sup>. The budget is approved by district and fund. Management may transfer amounts between line items within a fund as long as the transfer does not result in an increase in the fund's budget. Increases to fund budgets require Commission approval.

There was one (1) supplemental budgetary appropriations during fiscal year ended September 30, 2011.

Budgets are considered a management control and planning tool and as such are incorporated in the accounting system of the Agency. Budgets are adopted on the modified accrual basis of accounting with the inclusion of encumbrances as reductions in the budgetary amount available. All appropriations lapse at year-end.

**SUPPLEMENTARY INFORMATION**

**Miami Beach Redevelopment Agency**  
**(A Component Unit of the City of Miami Beach, Florida)**

**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**Year Ended September 30, 2011**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget – Positive (Negative)
<b>Revenues:</b>			
Interest	\$ -	\$ 60	\$ 60
<b>Total revenues</b>	<b>-</b>	<b>60</b>	<b>60</b>
<b>Expenditures:</b>			
Economic environment	1,600,035	1,600,035	-
<b>Debt Service:</b>			
Principal	4,450,000	4,450,000	-
Interest	3,943,254	3,943,254	-
<b>Total expenditures</b>	<b>9,993,289</b>	<b>9,993,289</b>	<b>-</b>
<b>Excess of revenues over expenditures</b>	<b>(9,993,289)</b>	<b>(9,993,229)</b>	<b>60</b>
<b>Other financing sources (uses):</b>			
Operating transfers in	10,098,122	10,098,122	-
Operating transfers out			-
<b>Total other financing sources (uses)</b>	<b>10,098,122</b>	<b>10,098,122</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>104,833</b>	<b>104,893</b>	<b>60</b>
Fund balance, beginning	6,546,326	6,546,326	-
Fund balance, ending	<b>\$ 6,651,159</b>	<b>\$ 6,651,219</b>	<b>\$ 60</b>

**OTHER REPORT**



**Independent Auditors' Report  
on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based  
on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

The Board Members  
Miami Beach Redevelopment Agency  
Miami Beach, Florida

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Miami Beach Redevelopment Agency (the "Agency"), a component unit of the City of Miami Beach, Florida, (the "City") as of and for the year ended September 30, 2011, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated March 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

Management of the Agency is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board members, the City Commission and management of the Agency and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey LLP*

Miami, Florida  
March 30, 2012